UNITED STATES PATENT AND TRADEMARK OFFICE

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10/532,968	11/17/2005	John Edward Schoen	E3331.0662	9100

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EXAMINER
BAIRD, EDWARD J

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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

DETAILED ACTION

Applicant has amended claims 1, 6, 8, 17, 20, 21, 26, 28, 29 and 32 – 44. No

claims have been added or canceled. Thus, claims 1 – 44 are pending and are

presented for examination.

Response to Arguments

1.   Applicant's remarks/ arguments filed **20 February 2009** have been fully

considered.

2.   Examiner acknowledges amendments to **claims 8, 17, and 26** to overcome

objections and, in turn, withdraws objections.

3.   Examiner notes that **claim 38** was not amended to correct objection, and thus

maintains objection. Appropriate correction is required.

4.   Examiner acknowledges amendments to **claims 6, 20, 21, 26, 28, 29, and 32** to

overcome 35 U.S.C. § 112, 2nd paragraph rejection and, in turn, withdraws rejections.

Examiner acknowledges amendments to independent **claim 1 and 32** overcome

rejections to dependent **claims 3 and 4** and **33 and 34**. In turn, Examiner withdraws

rejections to **claims 3, 4, 33, and 34**.

Examiner acknowledges **claim 43** had been corrected by preliminary

amendment dated 27 April 2005, as noted by Applicant and, in turn withdraws rejection.

5.   Examiner notes that **claim 36** was amended to *partially* overcome 35 U.S.C. §

112, 2nd paragraph rejection. Hence, Examiner maintains rejection accordingly.

Appropriate correction is required.

6.   Examiner acknowledges amendments to **claims 1 and 44,** method claims, to

overcome 35 U.S.C. § 101 rejections to **claims 1 – 13 and 44**. However, Examiner

respectfully disagrees.

Regarding **claims 1 – 13 and 44**, method claims, the amendments to the claims attempts to tie the methods to a particular machine but the amendments are to the preamble of the claims only. The individual *steps* (emphasis added) of the claim are not tied to a particular machine or apparatus. See 35 U.S.C. § 101 rejections below.

7.   Examiner acknowledges amendments to **claims 32 – 43**, apparatus claims, to overcome 35 U.S.C. § 101 rejection and, in turn, withdraws rejection.

8.   Examiner notes that Applicant restates that claims 7, 16, 25 and 37 were rejected under 35 U.S.C. §103(a) over **May** in view of U.S. Patent Publication 2003/9241 (**Bansal** et al.). Examiner notes that the **Bansal** reference was actually 2003/000**9421**, not **9241** as described by Applicant [Remarks page 11, 5th paragraph].

9.   Applicant's arguments filed with respect to claims **1 – 44** regarding the 35 U.S.C. § 103(a) rejections have been fully considered but they are not persuasive.

10.   Applicant argues regarding **claims 1, 14, and 23** that **May** does not disclose *the submission of credit limits specifically for an auction with the return of a notification of unused credit after the auction* [Remarks page 12, 2nd full paragraph]. However, Examiner respectfully disagrees.

May discloses credit preference screening which enables the display of all passive orders in his system and their relevant credit status in his system [0327]. Color coding in his system enables the anonymity of the users while still *receiving credit information* about the bids and offers they are viewing [Id.]. Examiner affirms that *receiving credit information* about the bids and offers is indicative of Applicant's "receiving from participants credit limits" as claimed in exemplary **claim 1**.

May discloses sending an RFP message to the appropriate dealers if a client's credit is validated [0365]. A dealer can then elect to respond to the RFP by submitting a change to the bid or ask side of the trade, canceling the trade, or doing nothing and

letting the RFP expire [Id.]. Examiner notes that **May** does not explicitly disclose

"notifying the participants of credit allocated to the auction but not used in matched

orders" as claimed in exemplary **claim 1**. However, one having ordinary skill in the art at

the time of the instant invention would know that, by not responding to an RFP (i.e. *doing*

nothing) or *letting the RFP expire*, a participant in an auction would be aware that the

credit allotted to the auction (but not used) would still be available.

Examiner has clarified the 35 U.S.C. § 103(a) rejections below and, in turn,

maintains rejections.

Claim Rejections - 35 USC § 112

11.   The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly
> claiming the subject matter which the applicant regards as his invention.

12.   Claim 36 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite

for failing to particularly point out and distinctly claim the subject matter which applicant

regards as the invention.

13.   Regarding **claim 36**, the term "within approximately one minute of completion of

the auction" renders the claims indefinite because it is unclear what time frame

"approximately" means.

For the purposes of examination, the claim will be interpreted to read: "within

one minute of completion of the auction" as to agree with parallel claim 6. Appropriate

correction is required.

Claim Objections

14.   **Claim 38** is objected to because of the following informalities: "a participants credit limits" should be written "a participant's credit limits" (add apostrophe). Appropriate correction is required.

Claim Rejections - 35 USC § 101

15.   35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

16.   Claims 1 – 13 and 44 are directed to non-statutory subject matter.

17.   **Claims 1 – 13 and 44**, method claims, are rejected under 35 U.S.C. §101 because, in order to comply with §101 a process/ method must (1) be tied to a particular machine or apparatus, or (2) transform underlying subject matter (such as an article or materials) to a different state or thing.

The methods recited in the claims fail to (1) be tied to a particular machine or apparatus, or (2) transform underlying subject matter to a different state or thing. Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972).

There are two corollaries to the machine-or-transformation test. First, a mere field-of-use limitation is generally insufficient to render an otherwise ineligible method claim patent eligible. This means the machine or transformation must impose meaningful limits on the method claim's scope to pass the test. Second, insignificant extra-solution activity will not transform an unpatentable principle into a patentable process. This means reciting a specific machine or a particular transformation of a specific article in an ***insignificant step*** (emphasis added), such a data gathering or outputting, is not sufficient to pass the test.

There is no recitation within the claims to indicate that the *steps* (emphasis

added) that comprise the method are nothing but mental steps performed within the

mind of a person.   Thus, to qualify as a § 101 statutory process, the claim should

positively recite the other statutory class (the thing or product) to which it is tied, for

example by identifying the apparatus that accomplishes the method steps, or positively

recite the subject matter that is being transformed, for example by identifying the

material that is being changed to a different state.

Claim Rejections - 35 USC § 103

18.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as
> set forth in section 102 of this title, if the differences between the subject matter sought to be
> patented and the prior art are such that the subject matter as a whole would have been obvious at
> the time the invention was made to a person having ordinary skill in the art to which said subject
> matter pertains. Patentability shall not be negatived by the manner in which the invention was
> made.

19.   Claims 1 – 5, 8 – 15, 17, 18, 23, 24, 26, 31 – 34, and 39 – 43 are rejected under

35 U.S.C. 103(a) as being unpatentable over **May** (US Pub. No. 2007/0239591).

20.   Regarding **claims 1, 14, 23 and 32**, **May** teaches:

- notifying potential participants of an auction time [see at least 0328] –

Examiner notes a *predetermined time-limit* as indicative of Applicant's **auction**

time;

- receiving from participants orders related to the auction [see at least 0097];

- receiving from participants credit limits for execution of orders input by the

participants with other participants [see at least 0059, 0060 and 0103, 0327, and

0328];

- conducting the auction at the time notified to the participants by matching the orders received [see at least 0281, 0286];

- notifying the owners of matched orders [see at least 0097];

May does not explicitly disclose:

- notifying the participants of credit allocated to the auction but not used in matched orders.

However, **May** discloses sending an RFP message to the appropriate dealers if a client's credit is validated [0365]. A dealer can then elect to respond to the RFP by submitting a change to the bid or ask side of the trade, canceling the trade, or doing nothing and letting the RFP expire [Id.].

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the instant invention that, by not responding to an RFP (i.e. *doing nothing*) or *letting the RFP expire*, a participant in an auction would be aware that the credit allotted to the auction (but not used) would still be available.

May does not specifically apply his discloser to trading fungible instruments. However, **May** does utilize his systems and methods for trading of financial instruments [0002] including equities and foreign currencies [0003]. Equities and foreign currencies are considered fungible in that they are interchangeable.

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the instant invention to modify **May's** disclosure to apply his systems and methods to *fungible instruments* because it can be applied to various types of fungible securities including equities, foreign currencies and derivatives [**May** 0003].

21.   Regarding **claims 2 and 15**, **May** teaches orders which are matched on the basis of credit and price [see at least 0099 – 0101].

22.   Regarding **claim 3**, **May** teaches orders receiving less than a predetermined time before the auction as not being accepted [see at least 0328].

23.   Regarding **claim 4**, **May** teaches credit limit allocations receiving less than a predetermined time before the auction are not accepted by the system [see at least 0334].

24.   Regarding **claim 5**, **May** teaches participants being notified of unused credit immediately after the auction is completed [see at least 0103].

25.   Regarding **claims 8 and 17**, **May** teaches automatically renewing a participants credit limits for future auctions on request from that participant [see at least 0103 and 0108].   Examiner notes that *frequently requested data* include Applicant's updated participants credit limits.

26.   Regarding **claim 9 – 11 and 39 – 41, May** teaches receiving credit limits for use in matching orders between other participants lacking bilateral credit, identifying other participants whose credit limits may be used to match orders entered by the participants, and using the credit of an intermediary having bilateral credit with the participants submitting the matched orders [see at least 0185 – 0188]. Examiner notes credit groups as inclusive of Applicant's intermediary.

27.   **Claims 12 and 13** are substantially similar to claim 11, the claim upon which they depend and are thus, rejected for the same reasons.

28.   Regarding **claims 18**, **May** teaches notification of matched order messages being sent to a participant deal feed client via a deal feed server [see at least 0011]. Examiner interprets client/server model as indicative of Applicant's **deal feed client and deal feed server**. [also see 0097, 0374].

29.   Regarding **claim 24, May** teaches the deal notified comprising a deal feed server [see at least 0011, 0097, and 0374].

30.   Regarding **claim 26**, **May** teaches instructing the trading system to automatically

renew credit limits submitted to the system for a previous auction. **May** discloses the

central processing center including a settlement module and a market inventory module

[0097]. The market inventory module holds the passive orders for each market and

broadcast the same to the trader workstations when new orders are received, validates

any proposed trade, and performs a second and final credit preference check. Examiner

interprets *validating proposed trades and performing additional credit checks* as

indicative of Applicant's automatically renewing credit limits submitted to the system for a

previous auction.

31.   Regarding **claim 31**, **May** teaches storing credit limits from a plurality of prime

broker participants and the matching engine matches orders between participants using

credit from a chain of two or more prime brokers, as discussed in the rejections of claims

9 – 11 above [see at least 0185 – 0188].

32.   Regarding **claim 33**, **May** teaches time limits on bidding [see at least 0328].

33.   Regarding **claim 34**, **May** teaches credit limit allocations received less than a

predetermined time before the auction to be rejected [see at least 0328, 0329].

34.   **Claims 42 and 43** are product claims parallel to method claims 12 and 13,

respectively, and are thus, rejected for the same reasons.

35.   Claims 6, 20, 21, 28, 29, 35, 36, and 44 are rejected under 35 U.S.C. 103(a) as

being unpatentable over **May** in view of **Official Notice**.

36.   Regarding **claim 6**, **May** does not specifically teach participants being notified of

unused credit one minute after the auction is completed. However, Examiner takes

Official Notice that such a computer automated systems and methods of electronic

trading as presented by **May** are capable of occurring within seconds of transactions

being processed. Examiner notes that **May's** uses an exemplary period of time of 15

seconds in the over-ride process [see at least 0222], and accomplishing transactions in

"real-time" [0286]. It would have been obvious to one having ordinary skill in art at the

time of the instant invention to modify **May's** disclosure to include *notifications one*

minute after completion of the auction because electronic trading systems were

described according to such time parameters.

37.   **Claims 20 and 21** are substantially similar to claim 6 and are thus rejected for

the same reasons.

38.   **Claims 28 and 29** are system claims parallel to method claims 20 and 21,

respectively, and are thus rejected for the same reasons.

39.   **Claims 35 and 36** are a product claims parallel to system claims 28 and 29, and

is thus rejected for the same reasons.

40.   **Claim 44** is substantially similar to claim 1 with added limitations. **May** teaches:

- fixing benchmarks for the instrument to be traded at intervals, and;

- receiving from participants orders to trade at a benchmark price [see at least
  0289 – 0292];

May teaches trading benchmark issues on a monthly basis based on issuing of

U.S. Treasury securities. **May** does not explicitly disclose intervals during the trading

day.

    Examiner takes **Official Notice** that one having ordinary skill in the art at the time

of the instant invention would modify **May's** disclosure to include the use of *trading*

intervals during the course of a day because such a method, if automated using a

computerized system, would allow trading of benchmark securities over the course of a

day as market conditions change.

41.   Claim 19, 22, 27, and 30 are rejected under 35 U.S.C. 103(a) as being

unpatentable over **May** in view of **Keith** (US Pub. No. 2002/0091617).

42.   Regarding **claims 19 and 27**, **May** does not explicitly disclose submitting **limit**

orders.

        However, **Keith** discloses trading processes which interact with each other and

with external markets [Abstract]. He further describes the use of limit orders in his

invention [0061] and the concept of a centralized limit order book (CLOB) for monitoring

such [0314].

        Therefore, it would have been obvious to a person having an ordinary skill in the

art at the time of the instant invention to modify **May's** disclosure to *use limit orders* as

taught by **Keith** because it provides a means of purchasing a security and limiting the

price [**Keith** 0061].

43.   Regarding **claims 22 and 30**, **May** does not explicitly disclose receiving

messages at the computerized trading system notifying the system of credit limits for use

in providing bilateral credit for trades between third parties where no bilateral credit

exists between the third parties.

        However, **Keith** discloses general purpose computer or network of computers

programmed in accordance with his trading processes and functions as a platform for

allowing electronic liquidity finder (ELF) programs and **umpire programs** to interact

[0041]. He further describes an order umpire program which is coupled to exchange

through mirror ELF program that serves to pass messages between exchange and

umpire. Order umpire program is also connected to external point for reporting trades as

appropriate, to an external point not coupled via a mirror ELF [0051]. He further

discloses service umpires which may perform credit checking, certification and/or

clearing [0154]. Examiner interprets umpires, *service umpires* in particular, as

analogous to Applicant's **third party** for tracking credit limits and providing bilateral

credit between third parties. Also, message transmission between parties is inherent in

Keith's process.

Therefore, it would have been obvious to a person having an ordinary skill in the

art at the time of the instant invention to modify **May's** disclosure to *use umpires in*

notification of credit limits for use in providing bilateral credit for trades between third

parties as taught by **Keith** because umpires can aggregate and analyze data from a

variety of sources and continuously produce the results of such analysis for a user

[**Keith** 0152].

44.   Claims 7, 16, 25, and 37 are rejected under 35 U.S.C. 103(a) as being

unpatentable over **May** in view of **Bansal et al** (US Pub. No. 2003/0009421) and

Official Notice.

45.   Regarding **claims 7, 16, 25 and 37**, **May** does not explicitly disclose auction

administrator including a message broadcaster for broadcasting to potential participants,

the auction time, the type of instrument to be auctioned and the minimum order size.

However, **Bansal** discloses a method, system and computer program product for

online negotiations and transactions for electronic commerce [Abstract]. He further

discloses online market intermediary initiates the online auction by announcing the

auction on the web site and/or sending messages to potential bidders [0154]. The *online*

market intermediary also declares the seller's credentials, which may include the

specification of the risk class to which the seller belongs (and optionally, the

corresponding risk premium charge), specification of the currency in which the seller

would transact etc. [0154]. Although **Bansal** does not explicitly disclose the auction

time, the type of instrument to be auctioned and the minimum order size, Examiner takes

Official Notice that these parameters would be important to specify when announcing

an auction for fungible goods, in particular financial instruments. Examiner interprets

online market intermediary as analogous to Applicant's **auction administrator and**

message broadcaster.

Therefore, it would have been obvious to a person having an ordinary skill in the

art at the time of the instant invention to modify **May's** disclosure to use *auction*

administrator and message broadcaster as taught by **Bansal** because it makes the

system more efficient and allows qualified potential bidders to be notified of upcoming

auctions.

46.   Claim 38 is rejected under 35 U.S.C. 103(a) as being unpatentable over **May** in

view of **Kitchen et al** (US Pub. No. 2003/0018561).

47.   Regarding **claim 38**, **May** does not explicitly disclose automatically renewing a

participant's credit limits for future auctions on request from that participant.

However, **Kitchen** discloses a method and system for a party to buy and sell

goods and/or services from and to a plurality of counterparties over a computer network

[Abstract]. He further discloses updating a Counterparty's credit exposure at the end of

a trading session and establishing new credit limits the next trading session [0132].

Therefore, it would have been obvious to a person having an ordinary skill in the

art at the time of the instant invention to modify **May's** disclosure to *update a*

Counterparty's credit exposure at the end of a trading session and establish new credit

limits as taught by **Kitchen** because it allows credit exposure of a particular

Counterparty to be properly monitored and avoids incurring excessive credit exposure

[**Kitchen** 0132].

Conclusion

THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time

policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE

MONTHS from the mailing date of this action. In the event a first reply is filed within

TWO MONTHS of the mailing date of this final action and the advisory action is not

mailed until after the end of the THREE-MONTH shortened statutory period, then the

shortened statutory period will expire on the date the advisory action is mailed, and any

extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the

advisory action. In no event, however, will the statutory period for reply expire later than

SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the

examiner should be directed to Ed Baird whose telephone number is (571)270-3330.

The examiner can normally be reached on Monday - Thursday 7:30 am - 5:00 pm

Eastern Time.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's

supervisor, Charles R. Kyle can be reached on 571-272-6746. The fax phone number

for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the

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800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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